

**GERMANY'S
COMMERCIAL GRIP ON
THE WORLD: HER BUSINESS
METHODS EXPLAINED**

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Germany's Commercial Grip on the World: Her Business Methods Explained by Henri Hauser
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ON THE WORLD**

HER BUSINESS METHODS EXPLAINED

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WITH A PREFACE BY
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PREFACE TO THE AMERICAN EDITION

As Chéradame has exposed the military and Pan-Germanistic designs of Germany in the East, so Henri Hauser in this volume has reported in striking fashion her economic and industrial methods of penetration into other countries. Chéradame's work is supplemented by that of Hauser. The former has shown how Germany expects to profit by the war; the latter has explained how she gained the economic power to strike the blow.

The world seemed to be asleep while Germany was insinuating herself into all the markets on the globe. Even after abundant warning, few on the Continent seemed to take the situation seriously. Now that the war has violently stripped the veil from German policies and methods, every country is face to face with a commercial menace, no matter how the war ends. Hauser thinks there is no use talking of ruining Germany after the war by "a collective boycott." The only salvation for us is to understand German methods and so meet them as to make them harmless.

I know of no other available authority who has so fully and intelligently explained the methods by which Germany has gained her remarkable position in the markets of the world. The author has correctly laid his finger on the chief factors, such as the banks, cartels, the transportation policy, and the characteristic activities of the German State. The service of German banks in foreign enterprises has long been recognized as leading them into dangerous practices. Certainly many of their assets could not be of the kind properly to support the demand liabilities of commercial banking. They have mixed commercial

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banking with underwriting and speculative operations. The relations of these banks to German expansion is an interesting story, as given in this volume.

The intense energy devoted to exportation by Germany is regarded as due to a form of over-production arising from a too sudden transition to the highly productive new technique. Product came forward irrespective of demand. Foreign markets were needed to keep her labor employed. Sixty to seventy per cent. of German products were available for exportation. But thus to "flood the world" she needed raw materials. Hence her consuming passion for colonies and the conquest of foreign territory. These matters are fully brought out by Hauser. We must study them in making any terms of peace.

Perhaps for Americans the most needed lesson is that regarding cartels. Already in a volume by Mr. Edward N. Hurley (now of the Shipping Board) we have been urged to allow our producers to co-operate in entering foreign markets. Hauser confirms this view. His advice to the French to give up the old fear of association is also good advice for us.

The Germans leave nothing to chance. If the world is to be kept safe for democracy in the pursuits of peace, democracy must not only be industrially efficient, but the State must, far more than in the past, give unbiased scientific treatment to economic problems. In fact, the part to be played by the State in relation to industry—how far it shall interfere with wages, railways, prices—is of the first importance. The author believes we should not accept a German rule of discipline which would kill the individual initiative. These are vital questions for us. This volume is as necessary to us as to the French, and its publication here should make it accessible to a wide circle of American readers.

J. LAURENCE LAUGHLIN.

May 12, 1918.

PREFACE TO THE THIRD FRENCH EDITION

THE reception accorded to this volume by the public—by the great public as well as by the special public of economists, merchants, and manufacturers—brings the author face to face with a somewhat delicate problem.

When this book first appeared it had no other pretension than to mark a date, to describe a state of affairs existent at a determined moment—at the conclusion of the first year of war—and to explain that state of affairs. Was it advisable in this new edition to limit ourselves to the same point of its duration, or was it necessary to bring the book “up to date”?

Had we chosen the latter course it would have been necessary to record all the experiments which have been made during the last few months to guard against the very dangers, to remedy the evils, which this work exposed.

Certain of these experiments are without doubt very interesting—the creation of numerous leagues, the success of the Lyons fair, attempts to implant or develop in France industries of which Germany had reserved the monopoly. It would also be necessary to record a somewhat new orientation of the political economy of the French public authorities, and the efforts which have been made to establish between the Allies that solidarity which we have considered, in our conclusion, an imperative necessity.

From another point of view, one would have to study—for a rigorous bringing up to date—what has happened in Germany since November, 1915, with the object of perfecting the economic mechanism, of accelerating its movement and of improving its yield, with the object

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of resisting the pressure exercised by the Allies, and of preparing for the after-war. Germany, conscious of the defeat which awaits her alike in the political and military arena, reckons on taking her revenge elsewhere—in the economic field. As the object of the war was for her the conquest of the markets of the world, she would find herself, even though apparently vanquished, the real beneficiary of this horrible conflict. Does she not proclaim, moreover, the intention of opposing to the economic entente which is being outlined between the Allies, another grouping—the “bloc” of Central Europe?

But it is too early to deal exhaustively with these questions. The criticisms of recent economic happenings have not been made. It is too soon, for instance, to say whether our compatriots, by entering into the Banca Commerciale Italiana, accomplished, as they believe, a work of purification, or whether, as some of our Italian friends affirm, they have played the part of dupes. It would be equally premature to express oneself on the greater or lesser likelihood of the realization of the Mittel-Europa myth, or on the means of extracting practical results from the forthcoming conference of the Allies. To introduce these controversies into this book would only have resulted in weakening its demonstrative value.

For it is useful that the book shall retain this value. Notwithstanding efforts of which we have no wish to belittle either the merit or the importance, French manufacturers still need, and will still need for a considerable period, to meditate on the lessons of the war. It seems to us, then, that the time has not come when we should take away from this book its chronological qualification.

We have decided for these reasons to reprint it again with few alterations. We have limited ourselves to correcting some “lapses” or some material errors, to completing some (previously) insufficient facts. We have in a similar manner enlarged our conclusions, which might in their original form have presented a certain ambiguity. But, on the whole, this book remains as it was.

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Some critics—otherwise very kind—have accused it of giving a too systematic view of German methods, of making excessive use of such phrases as "conquest of markets," "economic war," etc. Dangerous metaphors, they say, which have the disadvantage of infusing into the study of exchanges, images and notions which belong to the military world.

On this point we will not abandon a line of our original positions. Economic war, conquest of markets, are phrases which, applied to Germany, are far from being metaphors. More than ever do we feel that Germany during unclouded peace was waging war with the implements of peace.

Dumping, export bounties, import bonuses, combined sea-and-land transport rates, emigration measures—these are various methods which were employed by Germany not as the normal procedure of economic activity, but as means of strangling, crushing, and terrorizing her adversaries. No economic theory is capable of prevailing against these facts. And all that has happened during the war, all that is in preparation for the day after, lends to our statements a new force.

PARIS,
April 15, 1916.